

DEPARTMENT OF STATE REVENUE**LETTER OF FINDINGS NUMBER: 02-0289P****Withholding Tax****Calendar Years 12/31/99 and 12/31/00**

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ISSUE(S)**I. Tax Administration – Penalty**

Authority: IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

STATEMENT OF FACTS

Taxpayer was assessed a penalty for failing to withhold the non-resident county tax for non-resident employees. Taxpayer states that its payroll is processed by an outside service that has been made aware of the issue. Proper corrections have been made. Taxpayer requests the department waive the penalty assessed against it.

I. Tax Administration – Penalty**DISCUSSION**

Taxpayer had an outsourcing company whom it trusted to know the rules and regulations related to its business of processing payroll and paying the correct payroll taxes. Taxpayer requests a penalty waiver.

Taxpayer's agent prepared payroll for several employees and failed to deduct and remit the county tax for several non-resident employees. Taxpayer and its agent are responsible to assure tax is correctly deducted and remitted to the State of Indiana. Taxpayer has not provided reasonable cause for its failure to withhold and remit the tax.

The Department finds the penalty appropriate.

FINDING

Taxpayer's protest is denied.